

ISSUE BRIEF

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U.S. Should Hold the Line on U.N. Salaries

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Personnel costs, including salaries, comprise nearly three-quarters of the U.N. regular budget, and increases in U.N. salaries have significant budgetary implications for the member states. Over the past few years, the U.N.'s International Civil Service Commission (ICSC) has recommended salary increases despite the fact that some member states, including the U.S., have been forced to freeze their government salaries in response to significant fiscal crises. As a result, U.N. compensation—already more generous than that paid by the member states to their own civil servants—has grown even more lavish.

Surprisingly, the ICSC recommended a temporary freeze in U.N. salaries in July. However, unless the General Assembly (GA) decides otherwise, a salary increase will go

into effect in January 2013 and will apply retroactively to August 2012. The U.S. should oppose the proposed increase in U.N. salaries and urge the GA to update its 1985 instructions to the ICSC and demand a salary freeze until U.N. net remuneration falls to match that of the U.S. federal civil service.

Lavish Salaries and Benefits.

In order to attract and retain qualified staff, the U.N. has long operated under the Noblemaire principle, which states that professional staff salaries should be determined by comparison to those of the civil service of the member state with the highest civil service pay levels. Ever since the U.N. was founded, this has been the U.S.

U.N. professional categories, however, do not line up neatly with U.S. civil service grades. To address this, the ICSC calculates equivalencies between the two as a basis for determining compensation. According to the ICSC, U.N. compensation significantly exceeds that of the U.S. equivalent.¹ Specifically:

- The seven U.N. professional or higher categories in New York receive net remuneration between 26.6 percent and 44.2 percent higher than the net remuneration

of U.S. federal employees based in Washington, D.C.

- On average, weighting for the number of U.N. employees in each category, U.N. net remuneration is 31.3 percent higher than that of their U.S. equivalents in Washington, which is up from 29.5 percent in 2011.²
- Even after applying its own cost-of-living adjustment for New York, which is significantly higher than that used by the U.S. government, the ICSC reports that the average net remuneration of U.N. employees was 17.7 percent higher than the U.S. equivalent.
- Based on the 2012 ICSC report, the most numerous U.N. professional grade (P-4) earned an average net remuneration in 2012 of \$136,351, versus \$104,704 for the U.S. equivalent.

In addition to these lavish salaries, U.N. employees enjoy generous benefits and allowances, including a rental subsidy of up to 80 percent above a specified threshold; education grants for staff serving outside their home country amounting to 75 percent of tuition (up to \$32,255 per

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annum), payable through the fourth year of college up to the age of 25; and annual vacation of 30 days, 10 official holidays, 16 weeks of paid maternity leave, and four to eight weeks of paid paternity leave.³

Time for Revision and Restraint. The ICSC operates under an instruction from resolution 40/244 adopted by the GA in 1985 to maintain U.N. net remuneration between 110 percent and 120 percent higher than the U.S. equivalent. The ICSC asserts that the pay discrepancy is “necessary to compensate for specific elements relating to expatriate service.”⁴ Considering that many of the U.N.’s generous benefits are specifically intended to address these challenges, the salary premium above U.S. civil service salaries—the highest of any member state—is not justified.

Moreover, the U.S. instituted a pay freeze for federal workers in 2011 and 2012, but the GA approved a salary increase of nearly 3 percent in 2011. Ambassador Joseph Torsella, U.S. Representative to the United Nations on Management and Reform, sharply criticized the 2011 decision, announcing that the U.S. “calls for a freeze on pay for United Nations staff

while the comparator salaries, those of the United States federal civil service, are frozen. We also repeat our call for repealing the nearly 3 percent raise given to New York based employees through the cost of living adjustment in August, and we urge the General Assembly to act on this matter.”⁵

The GA did not rescind the pay increase, but it did instruct the ICSC in resolution 66/235 to “explore the feasibility and suitability” of reflecting the pay freeze for the U.S. civil service in U.N. salaries, to determine whether the ICSC has the authority to implement such measures, and to “exercise such authority, as appropriate.”

In its July report to the GA, the ICSC determined that various factors should lead the GA to approve an average cost-of-living post adjustment increase of over 2.2 percent for U.N. professional and higher categories in New York. The ICSC decided to temporarily “defer” implementation of the adjustment “in view of the financial situation of the United Nations as described by the Secretary-General.” Unless the GA acts otherwise, however, the salary increase will “be promulgated on

1 January 2013 with a retroactive effect as of 1 August 2012.”⁶

The Need to Rein in U.N. Compensation. As stated by Torsella, the U.S. should urge the GA to prevent this retroactive salary increase:

The ICSC’s recognition of the need to control staffing costs in a time of global financial crisis is a first step in the right direction. And it is hardly a radical step, especially compared with the actual job losses and salary cuts—not just freezes, but cuts—borne by the citizens and civil servants of many member states. It is now up to all of us to rise to the occasion, to match the ICSC in responsible governance, and to adopt this sensible—and modest—recommendation.⁷

But additional steps are necessary to bring U.N. salaries into line with U.S. civil servants. The U.S. should urge the GA to:

- Reject the salary increase proposed by the ICSC in its post adjustment for 2012 and maintain salaries at the 2011 level;

1. United Nations, *Report of the International Civil Service Commission for the Year 2012*, Annex VI, p. 88, http://icsc.un.org/resources/pdfs/ar/2012AR_ADVANCE.pdf (accessed October 10, 2012).

2. The ICSC changed its presentation of data from 2011 to 2012, removing the column illustrating the differential based on Washington, D.C. To derive the Washington, D.C., differential, the 111.6 percent cost-of-living differential determined by the ICSC must be used. See *ibid.* and United Nations, *Report of the International Civil Service Commission for the Year 2011*, Annex VI, p. 75.

3. For a more complete listing, see Brett D. Schaefer, “U.S. Should Rein in Lavish U.N. Salaries,” *Heritage Foundation Issue Brief* No. 3668, July 16, 2012, http://www.heritage.org/research/reports/2012/07/us-should-rein-in-lavish-un-salaries#_ednref4; and International Civil Service Commission, “United Nations Common System of Salaries, Allowances, and Benefits,” August 2012, <http://icsc.un.org/resources/pdfs/sal/sabeng12.pdf> (accessed October 10, 2012).

4. ICSC, “United Nations Common System of Salaries, Allowances, and Benefits,” p. 2.

5. Ambassador Joseph M. Torsella, “Remarks on the Proposed UN Program Budget for 2012–13, before the Fifth (Administrative and Budgetary) Committee of the UN General Assembly,” U.S. Mission to the United Nations, October 27, 2011, <http://usun.state.gov/briefing/statements/2011/176325.htm> (accessed October 10, 2012).

6. U.N., *Report of the International Civil Service Commission for the Year 2012*.

7. Ambassador Joseph M. Torsella, U.S. Representative for U.N. Management and Reform, “Remarks by Ambassador Joseph M. Torsella, U.S. Ambassador for United Nations Management and Reform, at the Fifth Committee Opening Session,” October 4, 2012, <http://usun.state.gov/briefing/statements/198664.htm> (accessed October 10, 2012).

- Rescind the instruction to the ICSC in resolution 40/244 to target U.N. net remuneration at 110 percent to 120 percent of the U.S. equivalent and replace it with an instruction that U.N. net remuneration should match that of the U.S. civil service;
- Instruct the ICSC to use the U.S. Office of Personnel Management locality pay adjustment for New York rather than its own cost-of-living calculations, which are significantly higher; and
- Instruct the ICSC to freeze salaries and the post adjustment until U.N. net remuneration falls to match that of the U.S. civil service.

**Hold the Line on U.N.
Budgetary Constraint.**

Governments around the world have to implement austerity measures to meet budgetary necessity, including salary freezes. As a composite of the world's nations, the U.N. should not be insulated from this reality.

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